

Message Text

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TAGS: ETRD, UR, US

SUBJ: RELATIONSHIP BETWEEN PECHINEY AND KAISER NEGOTIATIONS FOR
SOVIET ALUMINUM PROJECTS

REF: A) MOSCOW 880; B) MOSCOW 712

1. DURING CONVERSATION JANUARY 24 AT OPENING OF AMPEX EXHIBITION, STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY OFFICIAL (GLEBOV) WHO HANDLED VISIT OF KAISER DELEGATION RAISED WITH EMBOFF SUBJECT OF APPARENT COMPETITION BETWEEN PECHINEY AND KAISER FOR SOVIET ALUMINUM PROJECTS. ACCORDING TO GLEBOV, NO RPT NO COMPETITION INVOLVED. PECHINEY OFFER, IN WHICH SOVIETS QUITE INTERESTED, INVOLVES ONE 500,000 TON/YEAR ALUMINUM SMELTER. THREE 500,000 TON/YEAR SMELTERS WHICH KAISER DISCUSSING ARE SEPARATE PROJECTS. GLEBOV SPECIFIED THAT SOVIET ALUMINUM DEVELOPMENT PLAN FOR TEN-YEAR PERIOD 1975-84 INVOLVED ADDITION OF 2 MILLION TONS OF SMELTING CAPACITY. SOVIETS HAD BEEN PLEASANTLY SURPRISED, GLEBOV SAID, WHEN KAISER DELEGATION SHOWED NO RELUCTANCE DISCUSS POSSIBILITY OF TAKING ON REMAINING THREE SMELTERS PLUS RELATED ALUMINA AND ROLLING MILL PROJECTS.

2. KAISER REPS REPORTED SEPARATELY THAT GLEBOV HAD BEEN EXTREMELY HELPFUL DURING DELEGATION'S VISIT AND SHOWED SURPRISING DEGREE OF KNOWLEDGE OF SOVIET ALUMINUM INDUSTRY DEVELOPMENT PLANS DESPITE FACT THAT HE ONLY RECENTLY JOINED
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FOREIGN RELATIONS DEPARTMENT OF SCST AFTER SIX-YEAR ASSIGNMENT

TO UNIDO IN VIENNA. WITH GLEBOV'S ASSISTANCE, KAISER PUT TOGETHER PROPOSAL WHICH SUBSEQUENTLY DISCUSSED WITH MINISTRY OF NON-FERROUS METALLURGY UNDER WHICH SOVIETS WOULD SUPPLY LARGE QUANTITIES OF ALUMINUM TO KAISER DURING 1975-80 PERIOD IN EXCHANGE FOR ALUMINA. UNDER THIS ARRANGEMENT, KAISER WOULD SUPPLY TWO POUNDS OF ALUMINA FOR EACH POUND OF ALUMINUM RECEIVED FROM USSR WITH "TOLL CONVERSION CHARGE" FOR EACH POUND OF ALUMINUM AMOUNTING TO 50 PER CENT OF CURRENT WOULD MARKET PRICE OF ALUMINUM HELD IN EXCROW BY KAISER TO DEFRAID ITS COSTS IN PLANNING AND IMPLEMENTING INITIAL STAGES OF ALUMINUM SMELTER PROJECT. ACCORDING TO KAISER REPS, MINISTRY OF NON-FERROUS METALLURGY OFFICIALS WERE INTERESTED IN THIS TYPE OF ARRANGEMENT BUT SUGGESTED THAT KAISER TAKE UP DETAILS WITH MINISTRY OF FOREIGN TRADE.DUBS

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